

Department of Justice

United States Attorney David L. Huber Western District of Kentucky

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BUSINESSMAN INDICTED FOR DEFRAUDING INVESTORS

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-- United States seeking forfeiture of \$6.6 million

IN OIL AND GAS DEVELOPMENT PROJECTS

LOUISVILLE, KY - A federal Grand Jury in Louisville returned an Indictment on Wednesday, January 23, 2008, against **David G. Rose**, age 57, of Louisville, Kentucky, charging him with 15 counts of mail fraud, 6 counts of wire fraud, and 1 count of forfeiture in which the United States seeks forfeiture of \$6,631,255 from Rose, David L. Huber, United States Attorney for the Western District of Kentucky, announced today.

The Indictment alleges that Rose defrauded investors in two oil and gas well projects promoted by enTerra Energy, L.L.C. by falsely telling investors in these oil and gas well projects that their investment monies would be applied only towards the development of oil and gas wells related to the projects and not used by enTerra, L.L.C. to pay itself profits, or to pay expenses incurred by the company, such as syndications costs, marketing expenses, and legal fees. It was represented to investors that enTerra Energy, L.L.C. would pay all such expenses using funds available to the company from sources independent of investors' monies. The Indictment alleges that these statements made to investors were false and fraudulent because investors' monies were expended by enTerra Energy, L.L.C. for numerous purposes other than to be applied solely to the development of the oil and gas wells promoted by the two projects, including paying salaries and bonuses to enTerra Energy, L.L.C. employees, making cash withdrawals, and making

expenditures for the personal benefit of Rose, his relatives, and friends.

The Indictment further alleges that Rose defrauded investors in these same two oil and gas well projects by falsely advising investors in the two projects that enTerra Energy, L.L.C. had entered into joint venture and partnership agreements with major oil companies, such as Citgo Petroleum Company, Samson International, Hunt Oil, and Texaco, in developing the oil and gas wells which comprise the two projects. In truth and in fact, no such joint venture or partnership agreements ever existed between these major oil companies and enTerra Energy, L.L.C.

If convicted, the maximum potential penalties are 440 years imprisonment, \$5,500,000 in fines, and supervised release for a period of 3 years.

The case is being prosecuted by Assistant United States Attorney Jim Lesousky, and it was investigated by the Federal Bureau of Investigation.

Rose is scheduled to appear for arraignment before the United States Magistrate Judge on February 19, 2008, at 9:00 a.m., in United States District Court in Louisville, Kentucky.

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The indictment of a person by a Grand Jury is an accusation only and that person is presumed innocent until and unless proven guilty.